

# OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY AGENDA REPORT

MEETING DATE: 2-27-14 CONTROL ITEM NO: 4

NO:

**SUBJECT:** RESOLUTION NO. OB 14-30

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE SIX-MONTH FISCAL PERIOD FROM JULY 1, 2014 THROUGH DECEMBER 31,

2014, AND TAKING CERTAIN RELATED ACTIONS

**FROM:** Successor Agency to the Artesia Redevelopment Agency

PRESENTATION BY: Justine Menzel, Deputy Executive Director

### RECOMMENDATION

Approval of ROPS for July 1, 2014 through December 31, 2014.

#### **BACKGROUND**

Pursuant to Part 1.85 of Division 24 of the California Health and Safety Code (the "Redevelopment Dissolution Law"), the Successor Agency must prepare a Recognized Obligation Payment Schedule ("ROPS") for each six-month fiscal period (commencing each January 1 and July 1), listing the payments to be made by the Successor Agency during such period. All ROPS must be approved by the Oversight Board. Furthermore, each Oversight Board-approved ROPS must be submitted to the State Department of Finance ("DOF") for review.

### Deadlines for ROPS Submission and Review

The Redevelopment Dissolution Law does not specify a deadline for the Successor Agency to submit the ROPS for July 1, 2014 through December 31, 2014 ("ROPS 14-15A") to the Oversight Board for approval. However, the Successor Agency must submit an Oversight Board-approved ROPS 14-15A to the DOF, the Office of the State Controller and the County Auditor-Controller no later than **March 3rd, 2014**. The Successor Agency must submit the ROPS to the DOF electronically in the manner of DOF's choosing. A copy of the Oversight Board-approved ROPS must be posted on the Successor Agency's website.

The DOF may eliminate or modify any items on the ROPS before approving the ROPS. The DOF must make its determination regarding the enforceable obligations and the amount and funding source for each enforceable obligation listed on a ROPS no later than 45 days after the ROPS is submitted. Within five business days of the DOF's determination, the Successor Agency may request to "meet and confer" with the DOF on disputed items. The meet and confer period may vary, but an untimely submission of ROPS 14-15A may result in a meet and confer period of less than 30 days.

The County Auditor-Controller may object to the inclusion of any item on the ROPS that is not demonstrated to be an enforceable obligation and may object to the funding source proposed for any item. The County Auditor-Controller must provide notice of its objections to the DOF, the Successor Agency and the Oversight Board.

### Penalties for Failure to Make Timely Submission

If the Successor Agency does not submit an Oversight Board-approved ROPS by March 3, 2014, the City of Artesia will be subject to a civil penalty of \$10,000 per day for every day that the ROPS is not submitted to the DOF. The penalty is to be paid to the County Auditor-Controller for distribution to the taxing entities. If the Successor Agency does not timely submit a ROPS, creditors of the successor agency, the DOF, and affected taxing entities may request a writ of mandate to require the Successor Agency to immediately perform this duty. Additionally, if the Successor Agency does not submit a ROPS within 10 days of March 3rd, the Successor Agency's administrative cost allowance for that period will be reduced by 25 percent.

If the Successor Agency fails to submit an Oversight Board-approved ROPS to the DOF within five business days of "the date upon which the ROPS is to be used to determine the amount of property tax allocations," the DOF may determine whether the County Auditor-Controller should distribute any of property tax revenues to the taxing entities, or whether any amount should be withheld for enforceable obligations pending approval of the ROPS. It is not clear what is "the date upon which the ROPS is to be used to determine the amount of property tax allocations".

### FISCAL IMPACT

The preparation and submittal of ROPS 14-15A is for the purpose of allowing the Successor Agency to pay its enforceable obligations for the period from July 1, 2014 to December 31, 2014.

### **BOARD ACTION**

Staff recommends that the Oversight Board for the Successor Agency to the Artesia Redevelopment Agency adopt Resolution No. OB 14-30, approving the Recognized Obligation Payment Schedule for the six-month fiscal period from July 1, 2014 through December 31, 2014 and taking certain related actions.

### **ATTACHMENT**

Resolution No. OB 14-30

## Recognized Obligation Payment Schedule (ROPS 14-15A) - Summary Filed for the July 1, 2014 through December 31, 2014 Period

Name	of Successor Agency:	Artesia			
Name	of County:	Los Angeles			
Currer	nt Period Requested Fu	nding for Outstanding Debt or Oblig	gation	Six-Month	Γotal
	•		nt Property Tax Trust Fund (RPTTF) Funding		
Α	Sources (B+C+D):			\$	250,000
В	Bond Proceeds Fur	nding (ROPS Detail)			250,000
С	Reserve Balance F	unding (ROPS Detail)			-
D	Other Funding (RO	PS Detail)			-
Е	Enforceable Obligation	ons Funded with RPTTF Funding (F+	+G):	\$	826,491
F	Non-Administrative	Costs (ROPS Detail)			637,785
G	Administrative Cost	ts (ROPS Detail)			188,706
Н	Current Period Enforce	ceable Obligations (A+E):		\$	1,076,491
Succe	ager Agency Solf Done	stad Drian Davied Adjustment to Cur	wont Devied DDTTE Degreested Frieding		
Succe		-	rent Period RPTTF Requested Funding		
I	G	s funded with RPTTF (E):			826,491
J	Less Prior Period Adjus	stment (Report of Prior Period Adjustm	nents Column S)	_	-
K	Adjusted Current Peri	iod RPTTF Requested Funding (I-J)		\$	826,491
Count	y Auditor Controller Re	ported Prior Period Adjustment to C	Surrent Period RPTTF Requested Funding		
L	Enforceable Obligation	s funded with RPTTF (E):			826,491
М	•	stment (Report of Prior Period Adjustm	nents Column AA)		-
N	Adjusted Current Peri	iod RPTTF Requested Funding (L-M	)		826,491
	cation of Oversight Board	Chairman: of the Health and Safety code, I			
hereby	certify that the above is	a true and accurate Recognized	Name		Title
Obliga	tion Payment Schedule fo	or the above named agency.	/s/		
			Signature		Date

# Recognized Obligation Payment Schedule (ROPS) 14-15A - ROPS Detail July 1, 2014 through December 31, 2014 (Report Amounts in Whole Dollars)

A	В	С	D	E	F	G	н	1	J	K	L	М	N	0		Р
											l	Funding Source	<u> </u>			
										Non-Redeve	elopment Property Ta (Non-RPTTF)	ax Trust Fund	RPTT	F		
m #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-I	Month To
								\$ 41,961,582		\$ 250,000	\$ - !	-	\$ 637,785 \$	188,706		1,076
	2007 Tax Allocation Bond 2009 Tax Allocation Bond	Revenue Bonds Revenue Bonds	12/5/2007 6/18/2009		Wells Fargo Bank, N.A. Wells Fargo Bank, N.A.	Non-housing bond debt service Housing bond debt service payments	Central Commercial Central Commercial		N N				431,195 128,590		- \$ \$	4: 1:
2		Issued On or Before 12/31/10	0/10/2009	0/18/2040	Wells Faigo Balik, N.A.	Industrig bond debt service payments	Corridor Project	9,330,399	IN				120,390		Φ	"
3	Tax allocation bonds	Fees	1/1/2008		Urban Futures, Inc.	Continuing disclosure fees	Central Commercial Corridor Project	,	N						\$	
	Tax allocation bonds	Fees			Willdan Financial Services	Arbitrage rebate calculation	Central Commercial Corridor Project		N						\$	
		Improvement/Infrastr ucture	9/1/2007	12/31/2042	City of Artesia	Reimbursement for improvements on Exhibit A of agreement	Central Commercial Corridor Project	0.00	Y							
	. 0	Admin Costs			City of Artesia	Administration and operations of Successor Agency	Central Commercial Corridor Project	0.00	N						\$	
		Project Management Costs			Employees of City/Agency	Payroll for downtown revitalization project implementation	Central Commercial Corridor Project	·	N	50,000					\$	
		Admin Costs				Agency	Central Commercial Corridor Project	, ,	N					76,000		
		Admin Costs			•	etc.	Central Commercial Corridor Project	82500.00	N					82,500		
	Legal services	Legal			Richards, Watson, Gershon	g g	Central Commercial Corridor Project		N					20,000		
		Project Management Costs				services	Central Commercial Corridor Project		N						\$	
		Admin Costs	1/1/2014	6/30/2014	Cline & Duplissea	Lobbyist services	Central Commercial Corridor Project		N					1,500	·	
		Admin Costs			Artesia Chamber of Commerce	Business resource assistance	Central Commercial Corridor Project		N					1,500	·	
	, and the second	Admin Costs			Deb's Bookkeeplus	reporting services	Central Commercial Corridor Project		N					1,500	Ċ	
		Dissolution Audits	1/1/2014	6/30/2014	White Nelson Diehl Evans	CPAs for financial audit of agency	Central Commercial Corridor Project		N					4,206		
		Fees			Wells Fargo Bank, N.A.	Trustee services	Central Commercial Corridor Project	64,400	N	200 000			3,000		\$	
	Downtown District-Pioneer Blvd. Revitalization	Improvement/Infrastr ucture			City of Artesia	Complete bond funded redevelopment project	Central Commercial Corridor Project		N	200,000					\$	
	3	Miscellaneous		9/29/2013		Special liability Insurance Program	Central Commercial Corridor Project		N					1,500		
		Improvement/Infrastr ucture			,	project	Central Commercial Corridor Project		N						\$	
20	Housing Entity Administrative Cost Allowance	Admin Costs	7/1/2014	7/1/2018	Artesia Housing Authority	As allowd by AB471	Central Commercial Corridor Project	600,000	N				75,000		\$	
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### Recognized Obligation Payment Schedule (ROPS) 14-15A - Report of Cash Balances (Report Amounts in Whole Dollars)

			(Nopoli /	Amounts in whole Doi				
	uant to Health and Safety Code section 34177(I), Redevelopment Property Tevenues is required by an enforceable obligation.	ax Trust Fund (R	PTTF) may be list	ed as a source of pay	ment on the ROPS	, but only to the extent	no other funding so	ource is available or when payment from property
Α	В	С	D	E	F	G	Н	I
		Bond P	Proceeds	Reserve E	RPTTF			
		Bonds Issued on or before	Bonds Issued on or after	Prior ROPS period balances and DDR	Prior ROPS RPTTF distributed as reserve for next	Rent, Grants,	Non-Admin and	
	Cash Balance Information by ROPS Period	12/31/10	01/01/11	balances retained	bond payment	Interest, Etc.	Admin	Comments
ROF	PS 13-14A Actuals (07/01/13 - 12/31/13)							
1	Beginning Available Cash Balance (Actual 07/01/13)  Note that for the RPTTF, 1 + 2 should tie to columns J and O in the Report of Prior Period Adjustments (PPAs)	7,229,923		516,045				
	Revenue/Income (Actual 12/31/13)  Note that the RPTTF amounts should tie to the ROPS 13-14A distribution from the County Auditor-Controller during June 2013	7,156		3 : 0,0 : 0			692,413	
	Expenditures for ROPS 13-14A Enforceable Obligations (Actual 12/31/13)  Note that for the RPTTF, 3 + 4 should tie to columns L and Q in the Report							
	of DDA o	2,676,998					692,413	
	Retention of Available Cash Balance (Actual 12/31/13)  Note that the RPTTF amount should only include the retention of reserves for debt service approved in ROPS 13-14A	4,560,081		516,045				
	ROPS 13-14A RPTTF Prior Period Adjustment  Note that the RPTTF amount should tie to column S in the Report of PPAs.	,,,,,,,,,		No entry required			_	
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
ROF	PS 13-14B Estimate (01/01/14 - 06/30/14)							
	Beginning Available Cash Balance (Actual 01/01/14) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 4,560,081	\$ -	\$ 516,045	\$ -	\$ -	\$ -	
8	Revenue/Income (Estimate 06/30/14)  Note that the RPTTF amounts should tie to the ROPS 13-14B distribution from the County Auditor-Controller during January 2014	7,000					601,935	
9	Expenditures for 13-14B Enforceable Obligations (Estimate 06/30/14)	2,098,146		130,634				DOF approved \$732,569 RPTTF funding, however only received \$601,935. Therefore, \$130,634 from DDR retained balance is estimate to be used to cover the shortfall.
	Retention of Available Cash Balance (Estimate 06/30/14)  Note that the RPTTF amounts may include the retention of reserves for debt service approved in ROPS 13-14B	2,468,935		385,411			33.,300	
	Ending Estimated Available Cash Balance (7 + 8 - 9 -10)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Recognized Obligation Payment Schedule (ROPS) 14-15A - Report of Prior Period Adjustments
Reported for the ROPS 13-14A (July 1, 2013 through December 31, 2013) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)
(Report Amounts in Whole Dollars)

ROPS 13-14A Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS 13-14A (July through December 2013) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 14-15A (July through December 2014) period will be offset by the SA's self-reported ROPS 13-14A prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

ROPS 13-14A CAC PPA: To be completed by the CAC upon submittal of the ROPS 14-15A by the SA to Finance and the CAC. Note that CACs will need to enter their own formulas at the line item level pursuant to the manner in which they calculate the PPA. Also note that the admin amounts do not need to be listed at the line item level and may be entered as a lump sum.

he county	auditor-controller	(CAC) and the State Controlle	er.	ı		Т	-	-			-		т	-,		as a lump sum.							
A	В	C D	E F	G H	1	J	к	L	М	N O	P	Q	R	s	т	U	v	w	x	Y	z	AA	АВ
-		<b>U</b>			+ +	J	n	-				ч.	n.	3	· ·	- U		1	1			~	AU .
			Non-RPTTF Expenditures			RPTTF Expenditures						and Admin PPA				R	PTTF Expenditure	es		Admin and Admin			
		Bond Proceeds	Reserve Balance	Other Funds			Non-Admin				Admin			(Amount Used to			Non-Admin CAC			Admin CAC		PPA	
						Available				Available			Difference										
						RPTTF			Difference	RPTTF (ROPS 13-14A		(If	f total actual xceeds total										
	Broingt Name /				dis	(ROPS 13-14A	Net Lesser of Authorized /		(If K is less than L, the difference is	(ROPS 13-14A distributed + all other	Net Lesser of Authorized /	au	thorized, the	Not Difforance		Net Lesser of Authorized / Available			Net Lesser of Authorized /				
Item #	Project Name / Debt Obligation	Authorized Actual	Authorized Actual	Authorized Actual	Authorized	available as of 07/1/13)	Available	Actual	zero)	available as of 07/1/13)	Available	Actual	zero)	Net Difference (M+R)	SA Comments	Available	Actual	Difference	Available	Actual	Difference	Net Difference	CAC Comments
		\$ 2,716,998 \$ 2,676,998	\$ - \$ -	s - s -	\$ 507,087 \$	507,085	\$ 507,085	\$ 507,085	\$ -	- \$ 185,327 \$ 185,327	\$ 185,327	\$ 185,327 \$	-	\$ -				\$ -			\$ -	\$ -	
1 :	2007 Tax Allocation	-		-	332,343 129,553	332,342 129,552	\$ 332,342	332,342 129,552	\$ - \$ -					\$ -									
3	2009 Tax Allocation Tax allocation	-	-	-	-	125,002	\$ -	120,002	\$ -	-				\$ -									
4	onds Tax allocation	-	-	-	-		\$ -		\$ -					\$ -									
5 .	onds Advance and	-	-		-		\$ -		\$ -	=				\$ -									
F	Reimbursement agreement and/or																						
(	greement and/or cooperative greement and/or																						
C	City Loan																						
6	Cooperative greement	-	-	•	42,891	42,891	\$ 42,891	42,891	\$ -					\$ -									
7 8	Salaries Salaries/benefits	66,123 66,123	-	-	1		\$ - \$ -		\$ - \$ -	-				\$ - \$ -									
9	Rent enal services	40,000 -	-		-		\$ - \$		\$ - \$ -					\$ - \$ -									
11	Salaries Salaries/benefits Rent Legal services Contract services	-	-	-	-		\$ -		\$ -	-				\$ -									
13	Lobbyist Business resource Accounting services	-	-	-			\$ -		\$ -					\$ -									
		-	-	-	-		\$ -		-					<b>5</b> -									
16	Auditors Tax Allocation bond	-	-	-	2,300	2,300	\$ - \$ 2,300	2,300	\$ - \$ -					\$ - \$ -									
17	eserve trustee Downtown District-	2,610,875 2,610,875		_	-,	_,	\$	-,	s -					\$ -									
F	ioneer Blvd.	_,010,010					*																
18	Revitalization Oversight Board	-	-	-	-		\$ -		\$ -	-				\$ -									
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### Recognized Obligation Payment Schedule 14-15A - Notes July 1, 2014 through December 31, 2014

	July 1, 2014 through December 31, 2014							
Item #	Notes/Comments							
1	Based on the pattern of FY 2013-14 (during which there were excess moneys in the RPTTF after disbursement for authorized ROPS 13-14A obligations, but there were insufficient RPTTF moneys for ROPS 14-15B period to fully fund enforceable obligations), the Successor Agency is rquesting an extra \$103,000 as reserve to be applied towards ROPS 14-15B period bond debt service.							
7.45.40	All or a portion of items 7-15 shall be repaid to City pursuant to the Cooperative Agreement for advance and reimbursement of administrative, overhead and other							
7-15, 18	expenses as adopted and effective 2/1/12.							
	1							

### **RESOLUTION NO. OB 14-30**

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE SIX-MONTH FISCAL PERIOD FROM JULY 1, 2014 THROUGH DECEMBER 31, 2014, AND TAKING CERTAIN RELATED ACTIONS

### **RECITALS:**

- A. Pursuant to Health and Safety Code Section 34177(I), the Successor Agency to the Artesia Redevelopment Agency (the "Successor Agency") must prepare a proposed Recognized Obligation Payment Schedule ("ROPS") before each six-month fiscal period (commencing each January 1 and July 1) and submit each proposed ROPS to the Oversight Board for the Successor Agency (the "Oversight Board") for approval.
- B. Pursuant to Health and Safety Code Section 34177(I)(2)(C) and (m), the Successor Agency must (1) submit the Oversight Board-approved ROPS for the sixmonth fiscal period from July 1, 2014 through December 31, 2014 ("ROPS 14-15A"), to the State Department of Finance (the "DOF"), the Office of the State Controller, and the County Auditor-Controller no later than March 3, 2014; and (2) post a copy of the Oversight Board-approved ROPS 14-15A on the Successor Agency's website.
- NOW, THEREFORE, THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY, HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:
- <u>Section 1.</u> The above recitals are true and correct and are a substantive part of this Resolution.
- <u>Section 2.</u> The Oversight Board hereby approves proposed ROPS 14-15A, substantially in the form attached hereto as <u>Exhibit A</u>. Staff of the Successor Agency is hereby authorized and directed to submit a copy of Oversight Board-approved ROPS 14-15A to the DOF, the Office of the State Controller, and the County Auditor-Controller and to post a copy of the Oversight Board-approved ROPS 14-15A on the Successor Agency's Internet website (being a page on the Internet website of the City of Artesia).
- <u>Section 3.</u> The members of the Oversight Board and the staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, including requesting additional review by the DOF and an opportunity to meet and confer on any disputed items, and any such actions previously taken are hereby ratified and confirmed.

PASSED, APPROVED AND ADOPTED this 27th day of February, 2014.

AYES:	
NOES:	
ABSENT:	
ABSTAIN:	
ATTEST:	William A. Holt, CHAIR
Gloria Considine, SECRETARY	SUCCESSOR AGENCY TO THE

ARTESIA REDEVELOPMENT AGENCY

### **EXHIBIT A**

### SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY RECOGNIZED OBLIGATION PAYMENT SCHEDULE (July 1, 2014 through December 31, 2014)